

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

**LOUISIANA-PACIFIC CORPORATION**  
**URANIA PLYWOOD MILL**  
**RESPONDENT**  
**PROCEEDINGS UNDER THE LOUISIANA**  
**ENVIRONMENTAL QUALITY ACT**  
**LA. R.S. 30:2001, ET SEQ.**

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**Enforcement Tracking Number:**  
**AE-PP-00-0391**  
**Agency Interest Number:**  
**17352**

SETTLEMENT

The following Settlement is hereby agreed to between Louisiana-Pacific Corporation (Respondent) and the Department of Environmental Quality, (Department), under authority granted by the Louisiana Environmental Quality Act, LSA- R.S. 30:2001, et seq., (the "Act").

I.

Respondent owns and operates a plywood mill (Urania Plywood Mill) located at 101 Tannehill Drive, Urania, LaSalle Parish, Louisiana. The Respondent's facility operates under Air Permit Number 1680-00001-02 issued December 13, 1990.

II.

In August 2000, representatives of Respondent met with the Department for the purpose of self-disclosing historical modifications to process equipment at the Urania Plywood Mill and state law permitting issues, namely that the 1990 permit did not include all sources of air emissions at the facility and that emissions from the permitted sources were higher than the permitted limits. Subsequently, in June 2001 and August 2002, Respondent provided the Department with additional

information intended to clarify and correct its initial disclosure.

### III.

Louisiana-Pacific voluntarily conducted audits of its Urania Plywood Mill to address compliance with federal and state regulations pertaining to the Prevention of Significant Deterioration (PSD) rule (now codified at LAC 33:III.509) collectively "New Source Review regulations" and State Permit emission limits.

### IV.

The allegations which form the basis of the enforcement action(s) are:

- A. Louisiana-Pacific Corporation (Respondent) conducted a comprehensive New Source Review of plant changes that had occurred at the Urania Plywood Mill. According to Respondent, a review of plant records indicated that a number of physical and operational changes had taken place. Physical changes to Respondent's wood fired boiler No. 1 were made in 1986-1987 that were outside the scope of routine repair or replacement of equipment components. Louisiana-Pacific changed boiler components, including replacing roof tubes, supply tubes and steam drum internals. These changes required Louisiana-Pacific to obtain proper permitting authorization under the PSD rules.
- B. An emissions analysis performed by the Respondent concludes that on an actual-to-potential basis, emissions increases from wood fired boiler No. 1 occurred in particulate matter (PM/PM<sub>10</sub>), and carbon monoxide (CO) above the PSD

significance thresholds.

1. Respondent failed to submit a timely and complete PSD permit application prior to a major modification of wood fired boiler No. 1. This is a violation of LAC 33:III.509.I.1 and Section 2057(A)(2) of the Act.
- C. Because Respondent failed to obtain a PSD permit for the 1987 changes to wood-fired Boiler No. 1, calculated emissions associated with the installation of eight sections on Dryer No. 3 in 1988 indicated that CO emissions associated with the increased steam demand from wood-fired Boiler No. 1 exceeded the PSD significance level.
- D. Respondent obtained a state minor new source review permit in 1990. That permit contained emission limits for certain emission sources at the Plywood Mill, including four veneer dryers and two wood fired boilers. Actual emissions from the dryers and boilers have been above permitted limits. In addition, not all emission sources at the Mill were included in the 1990 permit. While most of those sources were included in the Title V federal operating permit application submitted in 1996, a number of existing sources were not included in the application until a revised Title V application was submitted in 2002 in violation of LAC 33:III.501.C.4 and Section 2057(A)(2) of the Act.

#### V.

On or about May 29, 2001, the Respondent was issued a Notice of Potential Penalty ("Notice"), Enforcement Tracking Number AE-PP-00-0391, citing various violations of historical PSD noncompliances involving Louisiana-Pacific's Urania Plywood Mill, in violation of LAC 33:III.509.I.1 and Section 2057(A) of the Act. The Notice cited the following violations:

“Major modifications occurred at the Respondent’s facility which triggered the facility’s applicability to PSD regulations requirements. The modifications included the addition of four (4) sections on Dryer No. 2 (Source ID # 04) in 1989, eight (8) sections on Dryer No. 3 (Source ID# 05) in 1993, two (2) platens were added to each of three presses (Source ID # 1-96) between 1989 and 1993, and several modifications occurred on Boiler No. 1 (Source ID # 01) in 1986.”

Additional information was provided by the Respondent to the Department to clarify and correct its initial disclosure. The Department is now aware that the modifications were as follows:

Two (2) platens were added to each of three presses (Source ID # 1-96) in 1978. In 1986, two (2) sections were added to Dryer No. 1 (Source ID # 03) and four (4) sections were added to Dryer No. 2 (Source ID # 04) in 1987. Eight (8) sections were added to Dryer No. 3 (Source ID # 05) in 1988. Several modifications occurred on Boiler No. 1 (Source ID # 01) in 1986-1987.

The Department has concluded that only the modifications on Boiler No. 1 triggered PSD permitting requirements.

## VI.

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

## VII.

Louisiana-Pacific asserts that (a) it has an excellent compliance history at the Urania Plywood Mill, (b) upon becoming aware of possible historical PSD problems at the Urania Plywood Mill, it promptly notified the Department, and (c) it agreed to take prompt corrective action

pursuant to the Department's oversight and orders to address the historical noncompliance. The Respondent asserts it provided updated and corrected information to address all emission sources at the Mill in the 1996 and 2002 Title V federal operating permit application submissions. Louisiana-Pacific denies that fines or penalties are due for any of the allegations alleged in the Notice. Specifically, the Respondent alleges:

- A. Department inspectors were informed that changes were planned for and had occurred at wood-fired boiler No. 1 during annual inspections of the Urania Plywood Mill as documented in Department records.
- B. Respondent voluntarily audited the Urania Plywood Mill and promptly provided its findings to the Department. Respondent continued to review and analyze changes at the Urania Plywood Mill and provide the Department with updated information.
- C. Respondent has operated in accordance with the proposed limits in its 1996 Title V application.

#### VIII.

Nonetheless, the Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of \$150,000.00 in settlement of the claims set forth in this agreement.

#### IX.

Respondent, in addition to the penalty amount specified in Paragraph VIII above and as a part of this Settlement, agrees to implement and/or perform the following:

Respondent will submit an updated application for a Title V operating permit addressing the

PSD issue for the Urania Plywood Mill, which will include applicable New Source Review requirements for wood-fired boiler No.1. The updated application shall be submitted within six months of the effective date of this Agreement. Final BACT determinations for wood-fired boiler No. 1 will be established in the Title V Permitting process. Louisiana-Pacific and the Department agree that Respondent will install the more stringent of BACT or MACT for wood-fired boilers and that the schedule for installation of controls, if any, will ensure that MACT standards for wood-fired boilers have been promulgated and are known to Respondent and the Department so that the controls selected and installed, if any, satisfy the most stringent requirement, either BACT or MACT, as long as the technology installed satisfies the requirements for both programs.

X.

Respondent and the Department agree that the current permit for the Urania Plywood Mill, Permit No. 1680-00001-02, issued December 13, 1990, does not accurately reflect operations and emissions from the Mill. The updated application for the Title V operating permit at the Urania Plywood Mill shall be a reconciliation permit application to accurately reflect operations and emissions from the Mill. The Department authorizes Louisiana-Pacific continue to operate the Mill in accordance with the information and representations contained in the 1996 Title V permit application, and this Settlement Agreement until such time as the updated Title V operating permit application is submitted pursuant to paragraph IX or unless otherwise notified in writing by the Department. Upon that date, the updated permit application and this Settlement Agreement shall control emissions for the Urania Plywood Mill until the Title V Permit is issued by the Department or unless otherwise notified in writing by the Department.



## XI.

The Respondent and Department further agree to the following administrative and enforcement provisions:

- A. The Respondent shall submit semiannual progress reports that address the schedules in Paragraph IX, beginning 6 months after the effective date of this agreement. Within 30 days after the completion of all measures specified in Paragraph IX, Respondent shall send a final report to the Department to confirm that all measures required by this Settlement Agreement have been completed.
- B. This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement.

## XII.

Respondent further agrees that the Department may consider the Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action the Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

XIII.

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

XIV.

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in LaSalle Parish. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

XV.

Payment is to be made within thirty (30) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Interest on any amount not timely paid shall accrue at a rate of One and One Half Percent (1.5%) on the entire unpaid amount. Payments are to be made payable to the Department of Environmental Quality and mailed to the attention of Darryl Serio, Office of Management and Finance, Department of Environmental Quality, Post Office Box 82231, Baton Rouge, Louisiana, 70884-2231.

XVI.

In consideration of the above, any claims for penalties are hereby compromised and settled in



accordance with the terms of this Settlement.

XVII.

This Settlement Agreement is limited to the claims contained in the Notice and Paragraph IV and X of this Settlement Agreement and is not intended to, nor shall be construed to, operate in any way to resolve any civil claims other than those explicitly set forth in the Notice and Paragraph IV and X. Except as specifically reserved herein, this Settlement Agreement resolves the claims set forth in the Notice and Paragraph IV and X and shall serve as a release from civil liability of respondent (including its officers, directors, shareholders and employees) to the State of Louisiana for claims alleged by the Department in the Notice and identified in Paragraph IV and X. Nothing contained herein shall be construed to prevent or limit the Department's rights and remedies, whether legal, equitable, civil, criminal or administrative except as expressly specified herein.

XVIII.

The Department agrees that in consideration of the execution of this Settlement Agreement and the actions to be undertaken by Louisiana-Pacific to this Settlement Agreement, the Department shall not initiate or maintain any administrative or enforcement proceeding, lawsuit, claim or cause of action against Louisiana-Pacific with respect to the facts and/or violations alleged in the Notice of Potential Penalty, Enforcement Tracking No. AE-PP-00-0391, issued by the Department to Louisiana-Pacific on May 29, 2001, and/or this Settlement Agreement.

XIX.

The provisions of this Settlement Agreement shall apply to and be binding upon the State of Louisiana and upon Louisiana-Pacific and the officers, agents, servants, employees, successors, and assigns of both parties. The Department specifically agrees that Louisiana-Pacific may freely assign this Settlement Agreement and that nothing in this Agreement shall limit Louisiana-Pacific's ability to make such assignment.

XX.

In consideration of the above, the claims for penalties arising out of Respondent's alleged violations of New Source Review laws addressed herein are hereby compromised and settled in accordance with the terms of this Settlement.

XXI.

This Agreement is effective upon the last date signed by either party to the Agreement. The last signatory shall promptly mail a signed copy to the other party after executing the Agreement.

XXII.

The person signing for the Respondent and the Department both represent that they have the requisite authority to sign for the party.

WITNESSES:

Michelle Becker

David J. Harvey

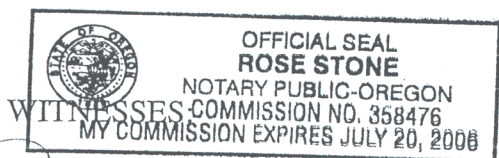
RESPONDENT

BY: J K Matheny

NAME: KEITH MATHENY

TITLE: VP, EUP & Business Extension

THUS DONE AND SIGNED before me this 4 day of Nov, 2002, at  
Portland, Or.



Rose Stone  
NOTARY PUBLIC

STATE OF LOUISIANA  
Hall Bohlinger, Secretary  
Dept. of Environmental Quality

BY: R. Bruce Hammatt  
R. Bruce Hammatt, Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED before me this 21 day of January, 2003, in  
Baton Rouge, Louisiana.

[Signature]  
NOTARY PUBLIC

Approved: R. Bruce Hammatt  
R. Bruce Hammatt, Assistant Secretary